

**REVIEW OF
KANSAS DEPARTMENT OF TRANSPORTATION
INTERNAL AUDIT PROCEDURES**

SECTION I

General Information and Instructions for Bidding
A Review of Kansas Department of Transportation Internal Audit Procedures

A. Purpose

This document constitutes a request for quotation from qualified Certified Public Accounting firms to conduct a review of the internal audit procedures and activities of the Kansas Department of Transportation (KDOT).

B. Objective

A detailed review of existing audit procedures to determine compliance with existing Federal and State regulations and Kansas Department of Transportation Standard Operation Manual (SOM's).

C. Scope

1. This work shall include a review of the current completed audits of various auditees issued by the Office of Inspector General during the period January 1, 2012 through December 31, 2012. This work will include a review of the working files and permanent files.
2. To review and evaluate the existing audit procedures of the Office of Inspector General for compliance with the following regulations, procedures or guidance:
 - a. Government Auditing Standards, 2011 Revision, U.S. Comptroller General
 - b. KDOT SOM's
3. To express an opinion on the quality control of the KDOT Office of Inspector General as they relate to "Yellow Book" standards.
4. Review and recommend enhancements to current KDOT internal auditing policies and procedures.
5. Prepare final report.

D. Bidder's Qualifications

1. Must be an established Certified Public Accounting firm recognized for its capacity to perform with experience relating to quality control reviews. Verification shall include the number and scope of similar or related reviews completed. Three (3) similar reviews should have been conducted and completed within the past three (3) years and the bidder shall provide evidence of having successfully completed such reviews.
2. Must provide adequate staffing with qualified audit personnel to make this review. As a minimum, the following information shall be provided:
 - a. The names of the persons assigned to perform this review.
 - b. A description of the professional background of all personnel assigned to this review.

3. Must be capable of mobilizing sufficient personnel to meet the deadline of September 30, 2013. Fieldwork must be completed and the report dated prior to September 30, 2013. It is anticipated that performance will begin on the date of the award.
4. Firm must provide own transportation, office equipment, supplies, and etc., unless otherwise specified in Section II of the Kansas Department of Transportation Internal Audit Procedures Review document.

E. Submission of Quotations

1. All quotations must be submitted to the Kansas Department of Transportation, 700 SW Harrison Street, 2nd Floor West, Topeka, Kansas 66603-3745, to arrive no later than the time and date scheduled for closing. Late bids will not receive consideration.
2. One (1) copy of the quotation is required.
3. All packets (mailing envelopes or packages) must be clearly identified on the outside with the quotation number #, time and date of closing, and the bidder's name and return address.
4. Late quotations will be unopened and maintained on file.
5. The quotation must be signed by an authorized member of the firm.

F. Quotation Response Format and Content

The following information should be attached and made part of the price quotation:

1. A detailed statement outlining the bidder's proposed methods and procedures.
2. Proposed timetable for completion of the review, and a statement relating to the bidder's ability to meet the required deadline.
3. Names, background, and qualifications for the professional personnel proposed for assignment to this review.
4. List of similar reviews successfully completed in the past three (3) years relating to quality control reviews. References shall show firm name, contact person, address, and phone number.

G. Payments

A lump sum payment will be made within thirty (30) days from the date of the invoice for completion of the finalized report of the review submitted to the Kansas Department of Transportation.

H. Availability of Funds

Funds are available for the audit. The estimated contract magnitude is approximately 42 hours. This consists of 32 hours of field work and 10 hours of review including report writing.

I. Contract

The successful vendor will be required to enter into a written contract with the Kansas Department of Transportation. The vendor agrees to accept the provisions of form DA-146a, Contract Provisions Attachment, which is incorporated into all contracts with the State and is attached to this Request.

J. Contract Documents

This request and any amendments and the response and any amendments of the successful vendor shall be incorporated along with the DA-146a into the written contract which shall compose the complete understanding of the parties.

In addition, the following statement must be made a part of said contract:

“The provisions found in Contractual Provisions Attachment (Form DA-146a), which is attached hereto and executed by the parties to this agreement, are hereby incorporated in this contract and made a part hereof.” (See Attachment No. 1)

In the event of a conflict in terms of language among the documents, the following order of precedence shall govern:

1. Form DA-146a;
2. Written modifications to the executed contract;
3. Written contract signed by parties;
4. This Request including any and all addenda; and
5. Contractor's written proposal submitted in response to this Request as finalized.

**REVIEW OF
KANSAS DEPARTMENT OF TRANSPORTATION
INTERNAL AUDIT PROCEDURES**

SECTION II

Information regarding the internal audits performed by the KDOT Office of Inspector General audit staff.

A. General

The Office of Inspector General is responsible for assisting the Secretary in making management decisions relative to agency operations by conducting periodic reviews of KDOT programs for compliance with established procedures, regulations, and guidelines and by submitting recommendations for improvements to ensure efficient and effective operations. The Inspector General reports to the Secretary. In addition to the administrative responsibilities of the office, which include supervision of the Internal Audit Unit, the Inspector General is responsible for conducting special investigations of alleged infractions of state law or departmental policy.

The Inspector General is also the Director of the Division of Fiscal and Asset Management.

Internal Audit Unit: The Internal Audit Unit is responsible for monitoring the administrative activities of KDOT through periodic review and appraisal of accounting, administrative, and operational controls. The purpose of the procedure is to determine if: financial operations were conducted properly; financial reports and claims were accurate and valid; applicable laws, regulations, and administrative requirements were observed; resources were managed efficiently and effectively; goals and objectives were substantially achieved.

The Office of Inspector General currently consists of four permanent positions. These positions consist of one (1) State Auditor III and three (3) State Auditor II's.

Audit reports issued by the Office of Inspector General for the period January 1, 2012 through December 31, 2012 are listed in Table 1.

B. Deliverables

1. A draft report acceptable to the Inspector General by September 10, 2013 and a final report by September 30, 2013 that will include the following:
 - a. Detail explanation of the method and procedures used in the review.
 - b. Opinion describing if the current internal audit procedures and policies adequately meet applicable "Yellow Book" standards.
 - c. Provide policy and procedure recommendations related to the internal audit function.

C. Supplemental Information

1. Travel – no travel is scheduled for this review.
2. Personnel space – office space is available for personnel conducting the review.

TABLE 1
Audit Reports Issued
January 1, 2012 through December 31, 2012

<u>Report Number</u>	<u>Name</u>	<u>Date Issued</u>	<u>Hours</u>
IA 11-17	District 5, Area 3 – Winfield	1/10/12	272
IA 11-18	Service Awards Program	3/12/12	421.25
IA 12-01	Imprest Fund	3/29/12	297
IA 12-02	Davis-Bacon Act Compliance	7/12/12	445.5
IA 12-03	Surplus Property	4/2/12	149.5
IA 12-04	Personal Protective Equipment	6/21/12	330.75
IA 12-06	District 1, Area 3 – Bonner Springs	11/13/12	822.25
IA 12-07	District 1, Area 1 – Horton Follow-up	6/27/12	87.5
IA 12-08	District 2 Headquarters – Salina	7/13/12	232
IA 12-09	District 4, Area 2 – Garnett Follow-up	4/11/12	29.75
IA 12-10	District 2, Area 2 – Mankato Follow-up	6/7/12	54
IA 12-11	District 4, Area 1 – Iola	11/13/12	388
IA 12-13	Division of Aviation Training	10/19/12	52.25